The Global Spread of Community Currencies
International diffusion over the last 30 years

Here we describe the geographical trajectory of grassroots currency movements over the last 30 years based on international scoping work undertaken as part of the Grassroots Innovation: Complementary Currencies project.

Complementary currencies are new types of money that are designed to exist in parallel to mainstream, conventional money in order to deliver additional transactions or enhance the wellbeing of users. Community currencies are a specific subgroup of these: those which have emerged from civil society, are often geographically focused, and which normally have sustainability objectives such as elderly care, supporting the local economy, alleviating poverty or promoting sustainable consumption.

The geographical diffusion of Community Currencies

The spread of the various community currencies across the globe shows certain distinct patterns. Our research reveals that ideas spread through several routes: influential pioneers talking about their work (e.g. Michael Linton speaking about LETS at the UK’s Other Economic Summit in 1986 spread the word to other participating activists), through the media (e.g. the Canadian Jetons de Bonheur mutual system spread following a television show), the publication of influential books, and more recently of course, through the internet. Each of these routes relies on language-based communication and given that English is an international language, it is unsurprising that grassroots currency types from English-speaking countries have spread the furthest (and quickest, to
other Anglophone countries). In contrast, while service credits were in use in Japan from 1973, the idea did not spread and the USA version appears to have developed independently 13 years later. Similarly, until recently the huge wealth of currency experience in continental Europe was relatively separate from the North America/UK/Australia and New Zealand axis of grassroots currency diffusion. Only now is the UK beginning to experiment with local currency models developed in continental Europe over the last few years. The language link is especially evident with mutual exchanges: originating in British Columbia, Canada in 1983, LETS spread initially through English-speaking countries and latterly across continental Europe, such as France where the equivalent Systemes d’Echange Local (SEL) became widespread. The Systemes d’Echange Local model has since been exported back to French-speaking Canada (hence the double entry on the timeline) where it follows quite a different cultural route, as part of the strong social economy movement in Francophone countries. We speculate that increasingly powerful online translation tools will facilitate more effective cross-language learning and networking in future.

The growth of community currencies in the global South have followed a different path, with specific models and adaptations being developed for their particular conditions and socio-economic contexts (poverty, lack of financial infrastructure, the need to increase consumption rather than reduce it). The barter markets have emerged as a key strand here, offering low-technology, trust-based systems which appear to work in some contexts but which suffered a critical loss of confidence after their rapid expansion in Argentina. Another interesting trend is the diffusion of systems from South to North in recent years. One example is the Community Exchange System (GES) online accounting system which started in South Africa but which is now used as the technological platform for currencies in several continents. Also, some of the successful South American systems have begun to explore exporting their models into austerity-hit Europe. This has been the case with the Dutch non-governmental organization STRO who have showcased some of their South and Central American work in Spain. Similarly, the Brazilian Palmas Institute has a French office, which at the moment fulfills a networking and publicity role but could also act as an instigator of new projects in the future.

### Service credits
Service credits are time-based currencies that are earned by spending time helping another individual or organisation. Everyone’s time is worth the same - an hour given earns one time credit, regardless of the service provided. Time credits can then be spent on services offered by other members. Service credit systems are often known as time banks. Some are based in a neighbourhood or community context, run by volunteers, and some are hosted by institutions. These sometimes focus on a specific sector such as health, education or criminal justice.

### Mutual exchange
Mutual exchange systems are currencies that are created by their members. Members advertise their ‘offers’ and ‘wants’ in a directory and a central accounts system records transactions. Currency is created when someone spends (goes into commitment to the system), and their trading partner rears (receives an acknowledgement). Local Exchange and Trading Systems (LETS) are one of the most well known forms of mutual exchange system. Mutual exchange systems tend to exist in a civil society context, often with little support from state or other funders.

### Local currencies
Local currencies are geographically-bounded (often paper notes) currency which are intended to circulate within a given region. This aims to promote economic activity in the region, supporting the local economy by preventing money from ‘leaking out’ of the locality. Several different local currency models exist, such as the Hours model (USA), Regiogeld (Germany), Banco Palmas (Brazil) and Transition Currencies (UK). Whilst all of these use a paper-based currency many are also experimenting with electronic platforms including debit cards and mobile phone transactions.

### Barter Markets
Barter markets are intended to overcome shortage of cash, and facilitate exchange amongst a group of users, usually in a regular marketplace. Like local currencies, barter markets tend to use physical notes, which are often issued to new users (as an interest-free loan) to enable them to participate in the market. Barter markets are often associated with the idea of ‘prosumers’ (individuals who both produce and consume). The most famous example are the barter markets of Argentina which grew to a significant size in the early 2000s, partly as a response to the country’s ongoing economic problems.
We found direct inter-connections between different national types, and found that experimentation has led the emergence of new currency models. For example the Ithaca Hours scheme – which led to the development of a local currency movement in the USA – was informed by the failure of a LETS scheme. Subsequently, Ithaca Hours provided the inspiration for the first barter market in Argentina. The difficulties of LETS also inspired the development of the CES mutual exchange platform and the aspiration to link mutual exchanges electronically. Similarly, the German Chiemgaur was an inspiration for the US local currency Berkshares which in turn inspired the ‘Toones Pound, leading to the emergence of the UK Transition local currencies. It is therefore clear that as with other forms of innovation there is an evolutionary quality to the currency field, where new models emerge out of the knowledge and experience of older ones.

**Networks and Activists**

There are a range of participants within the currency field who can be regarded as ‘intermediaries’: not involved in the day-to-day management of currency projects but playing an important role in the growth, consolidation and institutionalization of the wider field. For example, currency advocates who have written books on the topic and who speak widely in favour of currency activism include Bernard Lietaer, Tom Greco, David Boyle and Margrit Kennedy. A second type of advocate is the currency pioneer who becomes a key figurehead in the movement such as Michael Linton (LETS, Canada), Paul Glover (Ithaca Hours, USA), Edgar Cahn (time banks, USA) or João Joaquim de Melo Neto (Banco Palmas, Brazil). Other less prominent local activists often also promote and develop the currency systems at a local level. In many cases, national networks have emerged which fulfill multiple roles including supporting new projects, lobbying and acting as the hub of system-based networks. ‘New economics’ think tanks and Non Governmental Organisations have also played a key role in the growth of the currency field, both in terms of supporting experiments and by producing knowledge and reports on currency practice. For example the New Economics Foundation (UK), Strohalm (the Netherlands), The Schumacher Society.
exchange activists are often more motivated by a desire to reinvent money, reform banking and financial institutions, and democratise financial power – so seeing the grassroots currency as both the means and the end. Consequently, it would be an oversimplification to discuss all these community currencies as sharing a common cause, and instead it is important to focus on the objectives of the different projects and networks.

The evolution of community currencies

The longevity of certain grassroots currency types allows us to see an initiative’s lifespan from early implementation, through widespread adoption, to a stable plateau or decline when the projects seem to have become outdated or proven to not meet their potential. This is clearly evident with the mutual exchange currency type LETS, and the rise and fall of this type is particularly prominent, and cannot be divorced from what we know about the performance of some of these community currencies. Evaluations of LETS in the UK have been unequivocal in their highlighting of the potential of these projects, but have also identified both internal and external barriers that prevent currencies from achieving the kinds of impacts initially promised. Poor performance and structural difficulties in scaling up have limited these initiatives to small, marginal (but nevertheless effective for some) endeavours, and have disappointed those expecting to see widespread adoption and significant impacts. To this extent, we are witnessing the ‘natural’ lifecycle of experimental community-development initiatives, where good ideas initially attract attention, show a surge of interest and growth (accompanied by funding for networking and training), and then fail to achieve the critical mass required for widespread adoption, so they slowly dwindle as participants move away and onto the next promising project.

In the UK context service credits appear to be within a new cycle of this process, seeing a renewed level of interest due to political resonances with austerity-minded governments looking to supplement social care provision with volunteer-led alternatives.

One of the interesting trends to emerge from the data is that some of the youngest systems share characteristics in terms of their presentation and their embracing of technological solutions to make currency usage easier. For example, in the UK the Transition local currencies are experimenting with mobile phone technology and attempting to work with local authorities to accept the currencies. To some extent these currencies downplay the monetary critique and more radical form of politics that motivates many of the participants. Similarly, the institutional time credits of Spice are presented in a more instrumental fashion than the vision of rebuilding the core economy that underpinned the first experiments in time.
Some of the youngest systems share similar characteristics in terms of how they present themselves as serving local economic development and communities, and also in embracing technological solutions to make currency usage easier from one country to another, with local adaptations and improvements along the way. We found that these diverse, community-led movements are hindered by short-term and unreliable funding streams, and therefore struggle to consolidate their learning and pass on their knowledge and expertise to others, thereby limiting the spread of these innovative ideas. This confirms previous research on ‘grassroots innovations’ and complementary currencies.

Policy support should consequently favour these experimental initiatives, encouraging a flourishing of different ideas, and allowing community-based organisations to scale up and become institutionalised. Emerging research on grassroots innovations examines how such radical ‘niches’ might gain greater traction in the policy field, but recognises the problems inherent in trying to achieve a strong, common voice to lobby effectively, when the field comprises multiple sets of objectives, motivations and initiatives.

Conclusions
In seeking to understand how community currencies have spread across the world over the last 30 years, we have traced evolutionary paths from one type of currency to another, and banking. The SOL experiment in France is also trying to combine three different currency systems in a single smart card. All of these systems appear to be visibly distancing themselves from alternative cultures and lifestyles in their self-presentation, to show the models as mainstream initiatives to achieve policy goals for sustainability. While these are small clusters at present, it would appear that the future of community currencies may lie with these more modern, technologically and culturally sophisticated experiments, rather than with older models more deeply embedded in strong green social movements.